



# SIGNIFICANCE OF G20 SUMMIT IN PERSPECTIVE TO INDIAN ECONOMY

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## ABSTRACT

The G20 is an international forum consisting of the world's major advanced and emerging economies, and India is a member of this forum. This research aims to analyze the role of the G20 in the economic development of India. The study explores the opportunities and challenges of G20 summit held in India in perspective to its economic growth. The paper highlights the initiatives taken by the G20 that have directly or indirectly impacted India's economic growth. The study revealed that G20 played a crucial role in India's economic development. By working together with India and other member countries, the G20 can help to create a more inclusive and sustainable global economy.

**KEYWORDS:** G20, Economic Development, India, Innovation, Opportunity, Challenges etc.

## INTRODUCTION

The G20 summit is an international forum for the governments and central bank governors from 20 major economies. The summit was setup in 1999 to discuss a wide range of issues related to economic cooperation and development. The G20 is an international forum consisting of the world's major advanced and emerging economies, accounting for approximately 80 % of global GDP and two-thirds of the world's population. The primary objective of the G20 is to promote international economic cooperation and address global economic challenges through policy coordination and dialogue. India is one of the fastest growing economies in the world, and its economic development has been the subject of much interest and attention. These countries are Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Russia, Mexico, Saudi Arabia, South Africa, Turkey, UK and the USA. G20 is very significant for India because it provides a platform to connect the country with world's largest economies and elevate its economic interests and communicate critical global issues. As a member of the G20, India has participated in various initiatives aimed at promoting global economic growth and stability. This research paper seeks to analyze the role of the G20 in India's economic development and evaluate India's contribution to the forum's policy discussions and decision-making processes.

India has selected the theme- '*Vasudhaiva Kutumbakam*' or '*One Earth, One Family, One Future*' for its G20 Presidency that representing a holistic approach with sustainable growth in consideration of all life forms in development process linking with the protection of the planet. G20 is a leading forum for global economic cooperation and policy guidelines that functioning for development of emerging economies and address global economic challenges collectively. It works for 20 major economies of the world; additionally, there are 9 guest countries and 14 multilateral organizations as participants of G20 including the United Nations (UN), World Trade Organization (WTO), World Health Organization (WHO), World Bank, International Monetary Fund (IMF), International Labor Organization (ILO), Association of Southeast Asian Nations (ASEAN), African Union, International Solar Alliance (ISA) and Coalition for Disaster Resilient Infrastructure (CDRI), among other. G20 is a multilateral framework that addresses various global issues except geopolitics.

## Literature Review

A brief review of some of the key literature that examines the G20's perspective on economic growth are given as below:

Alam et al. (2007) studied the influence of income growth, energy consumption, and population on environmental degradation in Pakistan and found that the development process depended on energy sources and caused carbon emissions. The speed of urbanization also indicated that population growth has positively affected environmental degradation. Jungho & Hyun Seok (2011) reported the relationships between energy use, trade, income growth, and carbon emissions for G-20 countries. The literature showed that income growth and trade positively impacted the environment in G-20 countries with high-income; however, a negative impact was recorded for low-income economies. The quality of environmental impurities might also instantly lower output, capital, and labor productivity (Borhan et al., 2012). The long-term effects of these ecological impurities can enhance harmful consequences on people and

development. Another study of Peng et al. (2016) discovered a one-way relationship between FDI and carbon emissions. The connection between carbon emissions and income growth in emerging economies in the 21st century is significant (Huang and Zhou, 2020). The study also proved two-way relationships between power use and CO2 emissions. Ghaderi et al. (2017) disaggregated energy based on different sources such as electricity, gas, oil, and coal, it confirmed evidence of the EKC. The long-run Granger test showed a bi-directional relationship between economic growth and carbon emissions. The study further suggested the prescription of carbon emissions by decreasing energy use, but it would be a high cost for economic growth. Abokyi et al. (2019) explored the long-run causality between fossil fuel carbon release and economic growth. The study also found that the connection between energy sources and GDP was more closely related to emissions and renewable source of energy had a smaller impact on carbon emissions. Hanif et al. (2019) reported positive and significant impacts of FDI, fossil fuels, population, and economic growth on carbon emissions. Another study concluded that the degradation of the environment had occurred by the use of fossil fuels, but it was of benefit to economic growth (Diffenbaugh & Burke, 2019). Previous research has examined the role of the G20 in promoting global economic growth and stability. Studies have also analyzed the impact of the G20's policies on individual countries, including India. For example, a study by the Institute for International Trade examined the G20's initiatives on infrastructure development and their impact on India's economic growth. Another study by the National Bureau of Economic Research analyzed the effect of the G20's financial regulatory reforms on emerging economies, including India.

## Significance of Study

The study of the G20's role in India's economic development will be essential for understanding the forum's impact on India's economy and identifying opportunities for growth and cooperation. By engaging in constructive dialogues with other member countries and shaping global economic policies, India can strengthen its position as a major player in the global economy and promote its long term economic development. The outcome of this study will be beneficial to policymakers, businesses, researchers, academicians and the concerned subject to store a volume of knowledge in the related subject.

## Objectives of Study

- To explore the opportunities of G20 Summit for India.
- To highlight the challenges and emerging issues of G20 Summit for India.
- To suggest those essential measures by which the G20 summit could contribute maximum to Indian economy.

## Research Methodology

This research paper uses a qualitative approach to analyze the role of the G20 in India's economic development. The study examines the G20's initiatives that have directly or indirectly impacted India's economic growth, such as trade policies, infrastructure development, and financial regulatory reforms. The research also evaluates India's contribution to the G20's policy discussions and decision-making processes, based on the country's participation in various G20 meetings and initiatives. The study has been constructed on the basis of literature available through secondary resources like journal, newspaper and concerned

websites of G20 Summit etc.

## Results and Discussion

### i. Opportunity of G20 Summit for India

The G20 provides India with an opportunity to participate in shaping international economic policies and to enhance its financial stability. G20 Summit is expected to numerous important issues, like global economic recovery from the Covid 19 pandemic, promoting sustainable inclusive economic growth, and addressing of inequality and poverty etc. in the year 2023. The leaders will also discuss ways to tackle the climate crisis, strengthen the international trade system, and enhance international financial stability. The G20 has played a significant role in global integration and economic development. Here are some of the opportunities that will come through the occurrence of G20 summit for India;

- **Promoting International Trade:** The G20 has emphasized the importance of free and fair trade in promoting economic growth and reducing poverty. The forum has made efforts to reduce trade barriers and increase market access, leading to increased trade and investment flows between member countries.
- **Addressing Global Economic Challenges:** The G20 has played a critical role in addressing global economic challenges such as financial stability, climate change, and income inequality. The forum has worked to strengthen the global financial system, promote sustainable economic growth, and reduce poverty and inequality.
- **Improving Global Economic Governance:** The G20 has been instrumental in improving global economic governance by reforming international financial institutions and promoting greater representation of emerging economies in these institutions. This has resulted in more effective and democratic decision-making processes, which benefit all countries.
- **Fostering Innovation and Technology:** The G20 has recognized the importance of innovation and technology in driving economic growth and job creation. The forum has supported policies that promote innovation, such as investment in research and development and intellectual property protection.
- **Supporting Infrastructure Development:** The G20 has recognized the importance of infrastructure development in promoting economic growth and reducing poverty. The forum has launched initiatives to increase investment in infrastructure development in developing countries, which can create jobs, improve living standards, and stimulate economic growth.
- **Representation:** India is one among the 20 countries represented in the G20, which gives a voice in the international forum to discuss policy issues related to the global economy. This provides an opportunity for India to share its views and opinions on crucial economic issues and to participate in shaping global economic policies.
- **Economic Growth:** The G20 provides a platform for India to engage with the world's largest economies and to promote its economic interests. India can leverage the G20 platform to attract investment and trade which can drive its economic growth and development.
- **Global Issues:** The G20 is an important platform for India to address global issues such as climate change, poverty, and inequality. India can find solutions to these problems and work with other G20 countries to promote sustainable and inclusive economic growth.
- **Financial Stability:** The G20 is also relevant for India because it plays an important role in promoting international financial stability. India can participate in discussions on financial regulation and stability, which can help ensure the global financial system remains stable and resilient.

### ii. Challenges to India's G20 Presidency and Effectiveness of G20 Framework

The G20 summit brings together the world's major advanced and emerging economies to discuss and coordinate on the economic politic and global issues. While India has benefited from its participation in the G20, there are also some challenges and issues that the country faces. Here are some of the main challenges and issues faced by India in the G20:

- **Trade Imbalances:** India has a significant trade deficit with several G20 countries, including China and the United States. This trade imbalance has been a contentious issue in the G20 discussions, with some countries calling for India to reduce its trade barriers and improve market access.
- **Climate Change:** India is one of the world's largest emitters of greenhouse gases, and the country's industrialization and economic growth have led to increasing carbon emissions. The G20 discussions on climate change have been a challenging issue for India, as the country seeks to balance its economic development needs with the need to reduce greenhouse gas emissions.
- **Intellectual Property Rights:** India has been a vocal opponent of the current global intellectual property regime, arguing that it hinders access to affordable medicines and technologies. However, many G20 countries, including the United States, strongly advocate for stronger intellectual property rights protections.

- **Financial Regulations:** The G20 has been focused on reforming the global financial system, but some of the proposed regulations, such as those related to capital requirements, could have an adverse impact on Indian banks and financial institutions.
- **Reform of International Institutions:** India have been pushing for greater representation of developing countries in International Institutions such as International Monetary Fund (IMF) and the World Bank. However, progress on these reforms has been slow and developed countries are hesitant to cede power and influence in these institutions.

India's G20 Presidency inherits volatility of geopolitics coupled with a slowdown in global economic activity. The way forward for India is full of challenges, including the war in Ukraine and the Covid-19 pandemic, which is threatening economic growth and has led to disrupted supply chains, cost of living crisis, soaring energy prices and challenges to climate action. Indian Presidency has to reconsider transboundary challenges to financing need through Multilateral Development Banks (MDBs), which constitute a significant hurdle in addressing shared global economic challenges like global inflation, food and energy insecurity and macro-economic implications of climate change. Thus multilateral financial institutions have to keep a track of the monetary policy challenges in the US that have a significant impact across borders in developing countries while managing their fiscal policy. Therefore, it will be necessary for India to take a step forward to bring governance reforms in IMF and World Bank. Furthermore, the Indian Presidency has followed a people centric approach to financial inclusion which can come through effective redistribution of existing capital and other resources.

### iii. Measure to Get Maximum from G20 Summit for India's Growth

Here are a few suggestions for how the G20 summit could contribute to India's growth:

- **Promote Investment:** the G20 could encourage greater foreign investment in India by highlighting the country's potential as an investment destination. This could be done through various initiatives, such as promoting India's ease of doing business, highlighting specific sectors with high growth potential, and showcasing successful investment stories.
- **Enhance Trade:** The G20 could work to reduce trade barriers between India and other member countries, which could boost exports and economic growth. This could involve promoting greater access to markets reducing tariffs, and streamlining customs procedures.
- **Strengthen Infrastructure:** The G20 could help India to finance and develop its infrastructure, including transportation networks, energy systems, and digital connectivity. This could help to reduce bottlenecks and improve efficiency, which could boost economic growth.
- **Foster innovation:** The G20 could encourage greater innovation in India by promoting collaboration between industry and academia, investing in research and development, and supporting start-up incubators. This could help to create new industries a drive growth in existing ones.
- **Address Climate Change:** The G20 could work to address climate change, which is a major challenge facing India and the world. This could involve promoting renewable energy, reducing carbon emissions, and supporting adaptation measures to deal with the impacts of climate change.
- **Support Skills Development:** the G20 could help to improve the skills of India's workforce by promoting vocational training, supporting education initiatives, and encouraging the development of new industries that require specialized skills.

## CONCLUSION & SUGGESTION

The results of this study indicate that the G20 has played a significant role in India's economic development. The forum's initiatives on trade policies, infrastructure development, and financial regulatory reforms have had a positive impact on India's economic growth. For example the G20's initiatives on trade liberalization have increased India's access to global markets, leading to increased exports and economic growth. The G20's focus on infrastructure development has also led to increased investment in India's infrastructure, which has improved the country's connectivity and stimulated economic. India has also actively participated in the G20's policy discussions and decisions making processes, contributing to the forum's efforts to promote global economic growth and stability. The study concludes that the G20 has played a crucial role in India's economic development. The forum's initiatives on trade policies, infrastructure development, and financial regulatory reforms have had a positive impact on India's economic growth. India's active participation in the G20's policy discussions and decision-making process has also contributed to the forum's efforts to promote global economic growth and stability.

As India continues to grow and play an increasingly important role in the global economy, his participation in the G20 will remain crucial to tis economic development. India's participation and hosting in the G20 is essential for the country's economic development and global engagement. However, there are

several challenges and issues that India faces in the forum. These issues include trade imbalances, climate change, intellectual property rights, financial regulations, and the reforms of international institutions. To address these challenges, India will need to engage in constructive dialogue with other G20 members and work towards finding common ground and solutions that benefit all parties. Overall, the G20 is playing an important role in promoting global integration and economic development. By bringing together the world's major economies, the forum has facilitated greater cooperation and dialogue, resulting in more effective policies and initiatives to address global economic challenges. By working together with India and other member countries, the G20 can help to create a more inclusive and sustainable global economy.

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